

COUNTY OF ORANGE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2002
(Dollar Amounts in Thousands)

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide Statement of Net Assets. The difference in fund balance of \$446,997 is due to the long-term economic focus of the Statement of Net Assets versus the short-term economic focus of the governmental funds. The components of the difference are described below.

Total fund balances-governmental funds	\$1,719,142
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Capital assets used in the operations of the County are not reported in the governmental fund financial statements because governmental funds focus on current financial resources. Such assets must be included in the Statement of Net Assets for purposes of government-wide reporting. These capital assets consist of:

Land	474,191	
Structures and improvements	756,294	
Equipment	217,975	
Infrastructure	657,416	
Construction in progress	365,793	
Accumulated depreciation	(691,298)	1,780,371

Other assets used in governmental activities do not consume current financial resources and therefore, are not reported in the governmental funds:

Prepaid pension asset	195,053	
Unamortized bond issuance cost	1,391	196,444

Internal Service Funds primarily serve governmental funds and consequently the assets and liabilities of Internal Service Funds are incorporated as part of governmental activities for purposes of government-wide financial reporting.

49,646

Under the modified accrual basis of accounting, revenue cannot be recognized until it is available to liquidate liabilities of the current period; under accrual accounting, revenue must be recognized as soon as it is earned, regardless of its availability. Also, any liability of earned but unavailable deferred revenue must be eliminated in the government-wide financial statements. In the Statement of Net Assets, the County recognized \$41,856 of revenues related to government-mandated and voluntary nonexchange transactions and \$410 of uncollected property taxes levied in FY 01-02 that were earned but unavailable in FY 01-02.

42,266

Uncollected property taxes related to prior years are recorded as deferred revenue in governmental funds. Likewise property taxes levied in prior years are recorded as revenues in the current fiscal year as they are collected. These deferred revenues should not be included in the government-wide Statement of Net Assets as they relate to prior periods and were recognized as revenues in prior years.

9,760

Governmental funds report only those liabilities that are expected to be liquidated with current available financial resources. Thus, governmental funds typically do not report any liability for the unmatured portion of long-term debt. However, all debt must be reported in the government-wide financial statements. The adjustment to reduce net assets for the unmatured long-term liabilities on the Statement of Net Assets is \$1,631,490, which consisted of the following:

Bonds and COPs payable, net	(1,351,405)	
Compensated employee absences payable	(114,141)	
Pool participants claims	(3,200)	
Capital lease obligations payable	(59,398)	
Arbitrage rebate payable	(48)	
Interest payable on bonds and capital lease obligations payable	(51,793)	
Interest accretion on capital appreciation bonds payable	(51,505)	(1,631,490)

Net assets of governmental activities	\$ 2,166,139
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The notes to the financial statements are an integral part of the statement.